

DATELINE:

LABOR & WORKFORCE DEVELOPMENT

A quarterly publication for employers from the Tennessee Department of Labor & Workforce Development
December 2000



Are you reporting wages correctly?

Accurate reporting of employees' wages cuts down on costs to employers and erroneous payments of benefits. The most common errors can be eliminated if employers remember the following points in completing quarterly reports:

☞ Deductions from an employee's pay for 401(K), 403(b), 457, or similar deferred compensation plans of the Internal Revenue Service and Section 125 cafeteria plans are reportable and taxable for Tennessee Unemployment Insurance purposes. Employers who must file IRS Form 5500, *Annual Return/Report of Employee Benefit Plan (With 100 or More Participants)*, should especially be aware of this reporting requirement.

☞ An employer **does not** report or pay premiums on wages earned by a student who is enrolled at a nonprofit or public educational institution that combines work experience with academic instruction in a full-time program for credit at such institution and such institution has so certified to the employer.

☞ An individual proprietor does not report or pay premiums on wages paid his son or daughter under the age of 18, his spouse, or his mother or father.

☞ In a partnership, wages of partners are **not** reportable **nor** are premiums due. Wages are **not** reportable **nor** are premiums due on wages of family members having an exempt relationship to all partners.

☞ Officers' salaries and/or draws from the corporation are reportable and taxable for Tennessee Unemployment Insurance purposes. This applies to all corporations including Sub-Chapter S corporations.

☞ Only the first \$7,000 an employer pays to an individual in a calendar year is taxable; however, an employee's earnings over \$7,000 must be reported.

If you have questions or think you have been reporting employees or wages in error, please contact your area **Employer Accounts** office or call **Employer Accounts Operations** at (615) 741-2346 or 1-800-344-8337, extension 2346.

Workers' Comp required after first of year

Beginning January 1, 2001, the Tennessee Department of Labor & Workforce Development will put into effect the Uninsured Employers' Fund, brought about under legislation enacted by the Tennessee General Assembly during the past legislative session.

"The fund was created to encourage employers who are required to have workers' compensation to comply with the law, that is, either to obtain coverage or to qualify as self-insured," said TDLWD Commissioner Michael E. Magill.

Previous legislation requires every employer with **five** or more full- or part-time employees to have workers' compensation insurance coverage or to qualify as self-insured. Employers engaged in the mining and production of coal or in the construction industry, including principal contractors, intermediate contractors, or subcontractors, must have coverage or qualify as self-insured if they have **one** or more employees.

Penalties for up to two and one-half times the employers' average yearly

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Routing Box

- ☐ Personnel Director
- ☐ Manager
- ☐ Payroll Officer
- ☐ Other

Reminders

Pay all 2000 FUTA and SUTA premiums

This is the issue of *Dateline* in which we always remind employers of some important deadlines. You must pay all your 2000 quarterly premiums by **January 31, 2001**, to receive full credit on your annual Federal Unemployment Tax Return (FUTA), Form 940 or 940 EZ.

The taxable wages you report on Form 940 should be the same as the taxable wages you reported on your 2000 state quarterly Wage and Premium Reports, LB 0456, plus or minus any adjustments to the 2000 reports. If you reported employee wages to the state incorrectly, you must file a supplemental report for under-reported wages or submit a claim for refund for over-reported wages.

If you have questions on your state **Wage and Premium Report, LB 0456**, call (615) 741-2346. If you have questions on your **FUTA Report**, call the **IRS Taxpayer Service** at 1-800-829-1040.

Filing tips

Please complete Line 1 (Total Wages), Line 2 (Excess Wages), and Line 3 (Net Taxable Wages) of the premium portion of the **Wage and Premium Report (LB 0456)**. Line 2 (Excess Wages) should always be less than Line 1 (Total Wages). Excess Wages are the wages of more than \$7,000 you paid to an individual employee during a calendar year. Line 3 (Net Taxable Wages) should never be less than zero.

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Reminders (cont.)

If you have failed to take sufficient excess wages in previous quarters, please file the **Claim for Adjustment or Refund Form (LB 0459)**; you can obtain that form by calling **(615) 741-1619**.

Deadline for request for adjustment or refund

All requests for adjustment or refund must be postmarked by **March 31, 2001**, to be processed for inclusion in the premium rate calculation for the rate that becomes effective July 1, 2001.

Workers' Comp (cont.)

workers' compensation insurance premium can be levied against any employer found to be subject to the workers' compensation law who is failing to provide coverage or who has not qualified as being self-insured.

For further information about the Uninsured Employers' Fund, call **Penny Patterson** with the TDLWD at **(615) 532-4507**.

Numbers

TN unemployment rate	
(October 2000)	3.7%
TN unemployment rate	
(October 1999)	3.9%
US unemployment rate	
(October 2000)	3.9%
US unemployment rate	
(October 1999)	4.1%
UI trust fund (October 2000 - estimated)	
	\$896.7 million
UI trust fund (October 1999)	
	\$882.8 million

Elizabethton Employer Accounts office moves

The Elizabethton Employer Accounts office has moved to Johnson City. The new address and phone numbers are as follows: 206 High Point Drive, P.O. Box 90, Johnson City, TN 37605-0090; phone (423) 952-2261; fax (423) 952-6057.

George Young is the office manager.

Notice for benefit charge requests

If you need duplicate benefit charge statements, the Benefit Charge Unit can provide this information for you; however, there will be a charge of **\$25 per quarter** for the research and duplication of this information.

Please send requests for duplicate benefit charge information to **Benefit Charge Unit, PO Box 24827, Nashville TN 37202-4827**.

Tax credit programs save \$millions

Tennessee employers who participated in the Work Opportunity Tax Credit (WOTC) and Welfare to Work (W2W) Tax Credit programs were issued federal income tax credits with a potential tax savings in excess of \$91 million during the federal program year ending September 30, 2000.

WOTC and W2W are federal income tax programs administered at the state level by the Tennessee Department of Labor & Workforce Development. These programs make federal income tax credits available to employers who hire individuals from one or more of eight different target groups established by Congress.

Employers interested in receiving more information about these tax credit programs should contact **Roger Littlejohn**, state WOTC/W2W coordinator, at **(615) 741-6473** or **1-800-432-5268** (in-state only).

Job applicants notified automatically

Tennessee Career Centers and affiliate offices across the state have access to an automated notification system to recruit workers for job openings listed with the centers/offices. During the period July 1 - October 31, 2000, a total of 29,564 job applicants were notified by mail (7,409) or telephone (22,155) about employers' job listings.

To receive this service, employers should call their nearest Career Center or TDLWD affiliate office.

Are you reorganizing your business?

Whenever an employer changes his type of organization (e.g., partnership to corporation, corporation to limited liability company), he must notify the Tennessee Department of Labor & Workforce Development. Failure to do so can result in problems with FUTA certification, possibly resulting in the successor organization's losing the experience rating record of the predecessor organization, causing a higher premium rate to be assigned.

Also, Tennessee Employment Security Law provides that any change from one kind of organization to another that is described as a "same party in interest" successorship must be reported to this department no later than the end of the quarter following the quarter in which the change takes place, or there is a substantial penalty.

All notification of changes should be sent to **Employer Services, Tennessee Department of Labor & Workforce Development, 500 James Robertson Parkway, 8th Floor, Nashville, TN 37245-3555**.

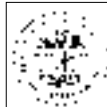
Check out AJB

America's Job Bank is the computer network that gives employers rapid, national exposure for job openings and an easily accessible pool of candidates. As of November 7, 2000, there were 2,609,489 job seekers registered with AJB; 488,054 active resumes; 184,391 employers signed up with the system; and 1,461,044 job openings. Of these numbers, AJB will experience more than 10,698,000 hits daily.

If you have not registered with AJB, then you may be missing out on a great tool to locate experienced people for your opening. Go to the following Web site to log on to AJB today: www.ajb.org/tn.

The Tennessee Department of Labor and Workforce Development is an equal opportunity employer. Auxiliary aids and services are available upon request to individuals with disabilities.

El Departamento del Trabajo y Desarrollo de la Fuerza Laboral de Tennessee es un patrono que ofrece igualdad de empleo. Ayudas auxiliares están disponibles para individuos con impedimentos.



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